GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2217
ANSWERED ON:10.03.2006
REVIEW OF HEALTH COVER PRODUCT
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Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been drawn towards the news item appeared in Business Line on January 30, 2006 captioned, `IRDA seeks review of health cover products`.

(b) whether the Committee on product innovation in health insurance set by the regulator has submitted its report to the Union Government;

(c) if so, the details of recommendations made by the committee therein;

(d) whether lowering the minimum capital norms for inclusive health insurer as recommended by the Insurance Regulatory and Development Authority (IRDA) would attract more companies in this field; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) Yes, Sir.

(b) and (c): A Working Group on Health Insurance was constituted by the Insurance Regulatory and Development Authority comprising representatives drawn from various stakeholders to look into specific areas related to the promotion and development of health insurance. One sab-group appointed by this working group has examined the issue of product innovation. The major recommendations of this sub-group are as under:

Multiple health insurance options at various price points should be offered to the customers.

Awareness of health insurance needs to be increased through concerted efforts of the industry, the IRDA arid the Government.

Health insurance needs to be `sold`; towards this objective alternative channels of sales need to be explored and regulations enabling the same should be looked into.

The distribution infrastructure of life insurance should be used to sell health insurance as well.

Saving linked products (such as `Medical Savings Products`) should be considered as it will be a step in creating a corpus for financing long-term care.

Creation of a common pool for providing insurance for people who in the ordinary course do not have access to medical insurance.

Establish a common definition and interpretation of pre-existing ailments and conditions.

While on one side the insurers should deliver value to the customer, on the other, insurance companies should be encouraged to implement sub-limits, voluntary deductibles, co-payments and co-sharing as part of their product. In addition, there should be regulation whereby insurance companies can initiate criminal proceedings against anyone submitting a fraudulent claim.

(d) and (e); Since the market potential of health insurance is very large, lowering the minimum capital requirement might attract more companies into the sector.